Effect of hike in export duty on Iron ore exports to China

3679. SHRI EKANATH K. THAKUR: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that India's $ 5 billion iron ore exports to China are set to be hit as Chinese importers have threatened to boycott Indian iron ore shipments unless the suppliers absorb the Rs. 300 per tonne export duty proposed in the budget;

(b) whether it is a fact that the budget proposal has made Indian iron ore expensive by $ 8 per tonne in Chinese spot market, compared to imports from Australia, Brazil and South Africa; and

(c) if so, the steps Government propose to take to ensure that Indian mining industry does not lose and important export market?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) After the imposition of export duty, the export of iron ore during the month of March, 2007 was down as compared to the export during the corresponding period of 2006. Except some media reports of boycott of iron ore import by China from India, there has not been any communication to the Government of India in this regard.

(b) It is the fact that after imposition of export duty since 1.3.2007, Indian iron ore has become expensive in Chinese spot market by about US$8 per Metric Tonne. However, price of iron ore depends upon number of factors like price of competitors, freight cost, quality etc. as customers compare price on landed price basis. Price of iron ore in Chinese market from other origins has also gone up.

(c) On reconsideration, Government has since reduced export duty on iron ore fines with Fe content 62% and below from Rs. 300/- per metric tonne to Rs. 50/- per metric tonne.

Review of SEZ Policy

3680. PROF. P.J. KURIEN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have decided to review the policy of Special Economic Zones in view of the resistance from the farmers;